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Italy

Citrus

Semi-Annual

2000

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Report Highlights: Italian citrus production for 1999/2000 returned to average levels following poor production in 1998/99. The quality, however, was only fair due to unfavorable weather conditions. Citrus prices dropped 50% from last year, and a significant share of Italian citrus production will remain unsold or even unharvested. The main reason for this crisis is the large supply of lower cost fruit from Spain and other Mediterranean countries which resulted in orange imports increasing 30% in 1999.

Includes PSD changes: Yes
Includes Trade Matrix: No
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EXECUTIVE SUMMARY

Italian citrus production for 1999/2000 returned to average levels, following poor production in 1998/99. The quality, however, of the citrus was only fair due to unfavorable weather condition in the fall 99 and during the winter 99/00 (high temperatures followed by dry conditions). In March, the price for oranges and lemons at the farm level averaged about \$0.15/Kg, and about \$0.12/Kg for tangerines.

Despite good production levels, the 1999/2000 marketing year is expected to be one of the worst from the point of view of Italian citrus producers. Citrus prices dropped 50% from last year and a significant share of Italian citrus production will remain unsold or even unharvested. The main reason for this crisis is the large supply from Spain and other Mediterranean countries with orange imports increasing 30% in 1999. Part of this increase is due to the removal of the phytosanitary exclusion zone that banned the import of extra-EU citrus products (except for grapefruit, which was not included in the ban) in July 1999.

Compounding the problem, the Italian citrus industry is becoming less competitive in a number of areas. Italy produces a small range of varieties and does not promote those it does produce effectively. The typical Italian blood varieties such as Tarocco, which could be marketed as a specialty crop, are not well promoted and so not recognized outside of Italy. In addition, supplies of "blond" varieties such as Navel and Valencia are not coordinated efficiently in order to supply buyers of large distribution chains during the full marketing season. Also, production costs are high due to high labor costs and an inefficient water distribution system. Finally, a lack of organization among producers results in a generally poor distribution and market capacity.

Despite the low price, domestic consumption of oranges and lemons increased little over the previous year's low and actually declined from average levels. (Note: Consumption figures in the PS&D tables show an increase for 1999, however, this data also includes unharvested fruit estimated to be as much as 20% of production.) The decline in citrus consumption is mainly due to a greater availability of tropical and Southern-Hemisphere fruit resulting from the liberalization of world trade over the last several years. There has been a slight increase in grapefruit consumption due to low prices of imports from Israeli and Cyprus.

Orange juice consumption increased in Italy mainly thanks to an increased supply and demand of not-from-concentrate/fresh orange juice. Consumption of this kind of juice, produced almost exclusively with domestically produced oranges, is increasing in Italy in response to the consumers' demand for more healthy and high quality food products.

Italian citrus exports for 1999/00 are forecast to remain below average levels due to the negative market situation described above. However, exports did increase from the very low levels of 1998/99 when domestic production was very poor. Despite the increase in exports, Italy remains a net importer of citrus mainly due to low prices of Spanish and North African oranges.

As an emergency measure to help Italian citrus producers, the Italian Government set a withdrawal program for 23,000 tons of citrus with the purchased fruit destined to be sent to developing countries. Despite this program, in which citrus producers received about \$0.17/Kg

totaling about \$4.5 million, an unusually large share of citrus fruits still remained on the tree in April, when citrus harvesting is normally almost completed . Consequently, the Italian government recently announced it will extend the program to purchase an additional \$5 million worth of fruit.

PSD TABLES

ORANGE

PSD Table						
Country:	Italy					
Commodity:	Oranges					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		11/97		11/98		11/99
Area Planted	112000	112000	112000	112000	112000	111000
Area Harvested	108000	109000	109000	109000	109000	108000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	2100	2100	2057	1422	1645	1900
Imports	28	44	55	85	100	110
TOTAL SUPPLY	2128	2144	2112	1507	1745	2010
Exports	98	106	116	80	100	100
Fresh Dom. Consumption	1430	1438	1196	966	1095	1310
Processing	600	600	800	461	550	600
TOTAL DISTRIBUTION	2128	2144	2112	1507	1745	2010

ORANGE JUICE

PSD Table						
Country:				single strength	Degrees Brix	
Commodity:						
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Deliv. To Processors	600	600	800	461	550	600
Beginning Stocks	149	142	142	135	102	64
Production	220	220	220	170	200	210
Imports	28	28	25	34	25	30
TOTAL SUPPLY	397	390	387	339	327	304
Exports	100	100	130	115	130	115
Domestic Consumption	155	155	155	160	155	165
Ending Stocks	142	135	102	64	42	24
TOTAL DISTRIBUTION	397	390	387	339	327	304

LEMON

PSD Table						
Country	Italy					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	36000	36000	36000	36000	36000	36000
Area Harvested	35000	35000	36000	36000	36000	36000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	714	714	506	506	590	590
Imports	36	36	45	45	50	50
TOTAL SUPPLY	750	750	551	551	640	640
Exports	43	43	16	16	20	20
Fresh Dom. Consumption	387	387	227	227	320	300
Processing	320	320	308	308	300	320
TOTAL DISTRIBUTION	750	750	551	551	640	640

GRAPEFRUIT

PSD Table						
Country	Italy					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		06/1997		06/1998		06/1999
Area Planted	150	150	150	150	150	150
Area Harvested	140	140	140	140	140	140
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	3	3	2	2	2	2
Imports	36	36	36	36	40	40
TOTAL SUPPLY	39	39	38	38	42	42
Exports	3	3	3	3	1	2
Fresh Dom. Consumption	36	36	33	33	39	38
Processing	0	0	2	2	2	2
TOTAL DISTRIBUTION	39	39	38	38	42	42

TANGERINES

PSD Table						
Country	Italy					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Planted	33000	34000	33000	34000	33000	35000
Area Harvested	32000	0	32000	33000	32000	34000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	0	0	0
Production	533	500	450	443	450	520
Imports	61	44	65	66	65	70
TOTAL SUPPLY	594	544	515	509	515	590
Exports	50	68	45	28	45	50
Fresh Dom. Consumption	439	408	385	398	385	450
Processing	105	68	85	83	85	90
TOTAL DISTRIBUTION	594	544	515	509	515	590